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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
)	
CELSIUS NETWORK LLC, <i>et al.</i> , ¹)	Case No. 22-10964 (MG)
)	
Debtors.)	(Jointly Administered)
)	
)	Re: Docket No. 1766

**NOTICE OF SECOND ADDITIONAL STATEMENT OF WORK RELATED
TO THE RETENTION AND EMPLOYMENT OF ERNST & YOUNG LLP
AS TAX COMPLIANCE AND TAX ADVISORY SERVICES PROVIDER**

PLEASE TAKE NOTICE that, on July 13, 2022, certain of the above-captioned debtors and debtors in possession (collectively, the “Original Debtors”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”). On December 7, 2022, debtors and debtors in possession GK8 Ltd., GK8 UK Limited, and GK8 USA LLC (collectively, the “GK8 Debtors”) each filed a voluntary petition for relief under chapter 11 of the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

Bankruptcy Code in this Court (the GK8 Debtors together with the Original Debtors, the “Debtors”).

PLEASE TAKE FURTHER NOTICE that, on November 18, 2022, the Debtors filed the *Debtors’ Application for Entry of an Order (I) Authorizing the Retention and Employment of Ernst & Young LLP as Tax Compliance and Tax Advisory Services Provider, Effective as of July 13, 2022 and (II) Granting Related Relief* [Docket No. 1404] (the “Retention Application”).

PLEASE TAKE FURTHER NOTICE that, on December 20, 2022, the Court entered the *Order (I) Authorizing the Retention and Employment of Ernst & Young LLP as Tax Compliance and Tax Advisory Services Provider, Effective as of July 13, 2022 and (II) Granting Related Relief* [Docket No. 1766] (the “Retention Order”), pursuant to which the Court authorized the Debtors to retain and employ Ernst & Young LLP (“E&Y”) as the Debtors’ tax compliance and tax advisory services provider on the terms set forth in the Retention Application and the Retention Order.²

PLEASE TAKE FURTHER NOTICE that, on March 17, 2023, the Debtors filed the *Notice of Additional Statement of Work Related to the Retention and Employment of Ernst & Young LLP as Tax Compliance and Tax Advisory Services Provider* [Docket No. 2266] to enter into an additional statement of work for the engagement of E&Y to provide certain income tax compliance services pursuant to the terms of the Master Services Agreement attached to the Retention Application as Exhibit 1 (the “Master Services Agreement”).

PLEASE TAKE FURTHER NOTICE that E&Y and the Debtors desire to enter into an additional statement of work (the “Second Additional Statement of Work”), attached hereto as **Exhibit A**, dated as of May 5, 2023, for the engagement of E&Y to provide certain transfer pricing

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Retention Application or Retention Order.

services pursuant to the terms of the Master Services Agreement.

PLEASE TAKE FURTHER NOTICE that fees will be paid by the Debtors for the services, as set forth in the Second Additional Statement of Work and the Engagement Letters attached to the Retention Application.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 14 of the Retention Order, the Debtors must file the Second Additional Statement of Work with the Court, serve the Second Additional Statement of Work upon the applicable notice parties (the “Notice Parties”), and any of the Notice Parties may object to the proposed Second Additional Statement of Work and file an objection with the Court within fourteen days of service of this notice. To the extent any party timely files an objection, the Debtors will promptly request that the Court set a hearing on the matter.

PLEASE TAKE FURTHER NOTICE that pursuant to paragraph 14 of the Retention Order, absent an objection within fourteen days of the filing and service of the Second Additional Statement of Work, such Second Additional Statement of Work shall be deemed approved pursuant to the Retention Order (without any further order being required to be entered by the Court).

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New York, New York
Dated: May 30, 2023

/s/ Joshua A. Sussberg

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Counsel to the Debtors and Debtors in Possession

Exhibit A

Additional Statement of Work



Statement of Work

This Statement of Work, dated May 5, 2023 (this “**SOW**”), is made by Ernst & Young LLP (“**we**” or “**EY**”) and Celsius Network, LLC on behalf of itself and its affiliated entities (collectively, “**you**” or “**Client**”) pursuant to the Agreement, dated July 13, 2022 (the “**Agreement**”) between EY and Celsius Network, LLC which was executed in connection with the Client filing a petition under Chapter 11 of the United States Bankruptcy Code (“**Chapter 11**”) on July 13, 2022 with the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) and describes certain services that EY will perform for the Client during the Client’s Chapter 11 proceedings. This SOW shall be effective as of the date of its approval by the Bankruptcy Court in the proceedings captioned *In re Celsius Network LLC, et al.*, No. 22-10964 (MG) (Bankr. S.D.N.Y.), pursuant to the procedures set forth in the Order (I) Authorizing the Retention and Employment of Ernst & Young LLP as Tax Compliance and Tax Advisory Services Provider, Effective as of July 13, 2022, and (II) Granting Related Relief [Docket No. 1766].

This SOW incorporates the Agreement by reference to form a contract. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings in the Agreement.

Scope of Services

EY will provide Transfer Pricing (“TP”) services (“Services”) which are set forth below in Appendix A.

Other Provisions

Client shall assign a qualified person to oversee the Services. Client is responsible for all management decisions relating to the Services and for determining whether the Services are appropriate for its purposes.

If the Services are subject to the audit committee pre-approval requirements of the SEC and/or the PCAOB, this SOW will not be effective until the later of (1) the execution of this SOW or (2) the approval of Client’s Audit Committee (or a duly authorized representative of Client’s Audit Committee).

Notwithstanding anything to the contrary in the Agreement or this SOW, EY does not assume any responsibility for any third-party products, programs or services selected by Client, their performance or compliance with Client’s specifications or otherwise.

Subject to Bankruptcy Court approval, we may subcontract a portion of the Services to one or more EY Firms and to subcontractors, including retired EY tax partners, working under our direction who



may communicate directly with you. Subject to Bankruptcy Court approval, we anticipate subcontracting portions of the Services to Kost, Forer, Gabbay & Kasierer (“EY Israel”). EY, however, will remain solely responsible to Client for the performance of the Services. If EY has prepared or reviewed (or will prepare or review) Client’s U.S. income tax returns, Client authorizes the EY Firms, including those located outside the United States, and our subcontractors to disclose information received or generated in connection with the preparation of any such U.S. income tax returns of the Client to and among each other for the purpose of rendering the Services and discussing and providing other services to you. You have the ability to request a more limited disclosure of tax return information than that described above. If, at any time, you would like us to narrow the scope of the information to be disclosed, please contact us in writing and we will limit any disclosures that have not yet occurred. You acknowledge that this consent will be valid for three years from the date this SOW is signed by you below.

EY and other EY Firms may retain and use Client Information for benchmarking, analytics, research and development, thought leadership and related purposes, and to enhance their services, provided that any use does not externally identify, or make reference to, Client. In all such matters, EY and other EY Firms will comply with applicable law and professional obligations.

Contacts

Client has identified Lior Koren as Client’s contact with whom EY should communicate about these Services. Yoav Shwartz / Eyal Gonen (EY Israel) will lead the EY team in providing the Services supported by Greg Crough in the US.

Fees

The General Terms and Conditions of the Agreement address our fees and expenses generally.

Our professional fees for the Services (performed by the EY Israel team) as currently contemplated in our scope is US \$350,000 (including EY US sign-off on any US Contemporaneous reports, as required).

In addition, any time incurred by EY US professionals to support the EY Israel team in connection with the FY 2022 Transfer Pricing Services will be billed based on the rate card in the Bankruptcy Tax Services SOW dated August 11, 2023 (with effective date of July 13, 2022).

Level	Rate
Partner/Principal	\$1,250
Executive Director	\$1,150
Senior Manager	\$950
Manager	\$850
Senior	\$600
Staff	\$400



Any changes to Client's business or structure from acquisitions, divestitures, operating model changes, bankruptcy etc., as well as any legislative or regulatory changes that significantly alter the scope of the Services, or the amount of time required to deliver the Services, will be considered an event for which EY may modify the fees. Accordingly, EY and Client shall promptly meet to negotiate an adjustment in the fees payable to EY as a result of such changes. EY shall have no obligation to commence work in connection with such changes until the revised fee amount is agreed.

If EY subcontracts with EY Israel, and during the bankruptcy Celsius US pays fees/expenses to EY that relate to work done by EY Israel and that EY remits to EY Israel, then in accordance with the Law for Reducing the Use of Cash, 2018, by bank transfer to the account of "Kost Forer Gabbay & Kasierer". Account details will be specified in each invoice. According to Regulation 7(a)(1) to the Israeli VAT regulations, 1976, KFGK will issue a tax invoice/ receipt after receiving payment from the client.

We will bill you for our fees, expenses, and applicable taxes or other charges, if any, on a monthly basis. Payment is due upon receipt of our invoice.

In addition, you shall reimburse EY for expenses incurred in connection with the performance of the Services (which were pre-approved by the client), including reasonable and customary out-of-pocket expenses such as travel, meals accommodations and other expenses specifically related to this engagement. EY may receive rebates in connection with certain purchases, which are used to reduce charges that EY would otherwise pass on to its clients. Actual out-of-pocket costs incurred by EY while executing the Services will be billed separately.

IN WITNESS WHEREOF, EY and Client each caused this SOW to be signed and delivered by its duly authorized representative(s).

AGREED:

Celsius Network, LLC, on behalf of itself and its affiliates



By: Chris Ferraro - Interim CEO

Date: 5/22/2023

DocuSigned by:
Chris Ferraro
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Appendix A: Transfer Pricing Scope of Work – This includes both documentation and operational support.

1. Services – In Depth Review and Analysis of the TP model across all transactions from an operational perspective for FY 2022(i)

- We will receive all the information from the client and review all working paper files including mapping the transactions, reviewing the numbers, analyzing the assumptions, facts provided and review/analysis of the allocation keys, the TP model and methods, and review of the execution of the TP across all the transactions.
- EY will conduct fact finding interviews with key personnel in order to identify industry-specific value creating DEMPE (Development, Enhancement, Management, Protection and Exploitation) processes and value drivers and the contributions of each entity to these processes and value drivers, thereby reviewing how the Group may be expected to allocate profit and/or losses between Group Companies. This includes reviewing the operations of GK8 Ltd (“GK8”) and how services within the Group relate to the contribution of GK8 operations.
- EY will perform all the relevant complex and in-depth economic analyses of all the transactions including the allocation of profits and/or losses between Group affiliates (which will be documented as part of the Group TP documentation as per below).
- EY will review all intercompany agreements and all relevant financial and other data.
- After the above analysis, we will support the TP from an operational perspective. This will be communicated via high level discussions and presentations to the management regarding potential post year-end adjustments and true-ups that may be required to reflect what may be considered sufficient application of the internationally accepted arm’s length TP standards.

2. TP Documentation - US Contemporaneous and OECD Report FY 2022 (ii)

- The provision of management services/HQ allocation from Celsius Network Limited (“Celsius UK”), Celsius Network IL Ltd (“Celsius Israel”) and Celsius US to Celsius Mining IL Ltd (“Celsius Mining”) and GK8 (new allocation).

3. TP Documentation - US Contemporaneous and OECD Report FY 2022 (iii)

Profit Split



- The contributions made by Celsius IL to the business of Celsius US through the provision of technology-based professional services, management services and support services.
- The contributions made by Celsius US to the business of Celsius UK through the provision of management services and through utilizing Celsius IL's technology-based professional services in order to provide cryptocurrencies to Celsius UK for Celsius UK's deployment of such cryptocurrencies.

Services

- The provision of administrative services by Celsius EU UAB ("Celsius Lithuania") to Celsius UK;
- The provision of administrative services by Celsius Services CY Ltd ("Celsius Cyprus") to Celsius UK;
- The provision of administrative services by Celsius Network Europe d.o.o. Beograd (Celsius Serbia") to Celsius UK;
- The provision of administrative services by Celsius Cyprus to Celsius US;
- The provision of administrative services by Celsius Serbia to Celsius US;
- The provision of R&D services by Celsius Serbia to Celsius Israel;

It is our understanding that during 2022, Celsius US, Celsius UK and other entities in the group filed Bankruptcy protection requests and the group suffers from significant losses, therefore no markup was applied on service-related costs.

- Recharges (accounting) between various Celsius entities (including Celsius Lending LLC ("Celsius Lending") and Celsius Networks Lending LLC ("Celsius Networks"), Celsius Network Inc ("Celsius Network") and Celsius US, and between Celsius UK and Celsius Israel).
- Intercompany financing:
 - The provision of USD loans and USD & stable coin loans by Celsius UK to Celsius Lending LLC and Celsius Networks Lending LLC.



4. TP Documentation – Masterfile and Local File FY 2022 (iv)

Due to new TP documentation requirements in Israel and in line with OECD Transfer Pricing Guidelines, EY will prepare a Masterfile for the Group for FY 2022 and local files for Israel (the local file will include Celsius Israel and GK8) and Cyprus FY 2022 as discussed with Client.

The above transfer pricing reports (1-3) will be prepared in accordance (where stated and applicable) with:

- Treas. Reg. §1.6662-6(d), as is required to avoid valuation penalties under sections 6662(e);
- Section 482 of the US Internal Revenue Codes ("US TP Regulations");
- The principles of Section 85A, 85B and 85C of the Israeli Income Tax Ordinance ("ITO") and the Israeli Income Tax Regulations (Determination of Market Terms), 5767-2006 (collectively, the "ITPR") and should be sufficient for the check the box requirements in the updated 1385 form according to local file and Masterfile requirements; and
- OECD Transfer Pricing Guidelines.

It should be noted that although the deliverables may meet certain TP documentation requirements in all the relevant jurisdictions, we cannot provide any degree of assurance within our deliverables of meeting compliance with all the documentation requirements or Regulations within the relevant jurisdictions and we cannot guarantee that the relevant tax authorities will accept our conclusions and it should be noted that the relevant tax authorities may take a different approach.